

**Before the State of South Carolina
Department of Insurance**

In the Matter of:

SCDOI File Number 10-2837

**Colonial Life & Accident
Insurance Company
1200 Colonial Life Blvd
Columbia SC 29210**

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**CONSENT ORDER
Imposing Administrative Fine
License Number 101279**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (SCDOI) and the above named respondent, a resident insurance company.

After careful review of the evidence presented, I find as follows:

FINDINGS OF FACT

1. Colonial Life & Accident Insurance Company is a domestic insurance company issued license number 101279.
2. Colonial Life & Accident Insurance Company became aware that one of its appointed producers failed to renew their South Carolina producer's license which caused the license to lapse effective May 3, 2010. This failure occurred in spite of Colonial Life & Accident Insurance Company's multiple reminders to South Carolina resident and non-resident producers to complete their continuing education requirements and pay fees prior to May 1, 2010.
3. Colonial Life & Accident Insurance Company acknowledged that it accepted insurance policies sold in the state of South Carolina from the producer referenced in Findings of Fact item 2 during the time the producer's license was not in force.
4. Colonial Life & Accident Insurance Company voluntarily reviewed its business practices and procedures and discovered two additional South Carolina producers whose licenses had lapsed. As a result, Colonial Life & Accident Insurance Company initiated immediate actions to ensure their business processes prevent similar future occurrences and self-reported to the SCDOI.

CONCLUSIONS OF LAW

1. **S.C. Code Ann. § SECTION 38-43-60 (A)**, which states; (A) All business done in this State by insurers doing the business of insurance as defined in this

title must be transacted by their regularly authorized producers licensed in this State or through applications of the producers.

2. S.C. Code Section 38-2-10 (1) provides:

- (1) If the violator is an insurer or a health maintenance organization licensed in this State, the director or his designee shall (a) fine the violator in an amount not to exceed fifteen thousand dollars, or (b) suspend or revoke the violator's authority to do business in this State, or both. If the violation is willful, the director or his designee shall (a) fine the violator in an amount not to exceed thirty thousand dollars, or (b) suspend or revoke the violator's authority to do business in this State, or both.
3. Colonial Life & Accident Insurance Company violated the laws of this State and was in violation of Section 38-43-60 when it accepted insurance policies from producers whose licenses had lapsed.

Prior to the initiation of any administrative proceedings by the Department against Colonial Life & Accident Insurance Company, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke their authority, Colonial Life & Accident Insurance Company would waive their right to a public hearing and pay an administrative fine in the total amount of eight thousand two hundred dollars (\$8200.00). **The administrative fine will be paid within thirty (30) days of receipt of this order.**

Although I can now revoke the producer license, I hereby invoke the discretionary authority given to me and impose an administrative fine against Colonial Life & Accident Insurance Company in the total amount of eight thousand two hundred dollars (\$8200.00). That fine must be paid as prescribed in the preceding paragraph. If that total fine amount is not timely paid, the producer license will be revoked without any further disciplinary proceedings.

This fine is subject to the expectation that Colonial Life & Accident Insurance Company will comply with all statutes and regulations of this Department. This fine includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and understand payment of the agreed upon fine constitutes full accord and satisfaction of this matter. By the signature of the president of Colonial Life & Accident Insurance Company or his designee upon this consent order, Colonial Life & Accident Insurance Company acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to

limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." S.C. Code Ann. § 38-3-110 (Supp. 2004).

THEREFORE, it is ordered that Colonial Life & Accident Insurance Company shall, pay through the South Carolina Department of Insurance an administrative fine in the total amount of eight thousand two hundred dollars (\$8200.00).

It is FURTHER ORDERED that the National Association of Insurance Commissioners be immediately be notified of this consent order.

This consent order becomes effective as of the date of my signature below.

Dated this 10th day of February 2011
Columbia, South Carolina


David Black
Director of Insurance

COLONIAL LIFE & ACCIDENT INSURANCE COMPANY CONSENTS TO THIS ORDER AND WILL COMPLY AS AGREED:


Signature

John J. Garrison
Printed Name

Vice President, Compliance
Title

John J. Garrison
Colonial Life and Accident Insurance Company
1200 Colonial Life Blvd
Columbia, SC 29210

Dated this 8th day of ~~February~~ ^{March} 2011.